

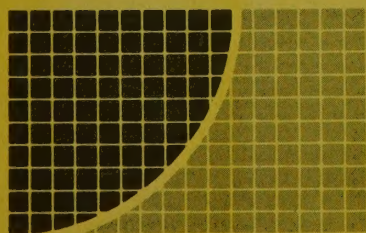
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HAMILTON WATERFRONT DEVELOPMENT STUDY

PHASE II

PRELIMINARY MARKET AND ECONOMIC IMPACT



THE ECONOMIC PLANNING GROUP
of Canada

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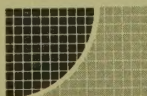
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JUNE 12, 1985



THE ECONOMIC PLANNING GROUP of Canada

HAMILTON WATERFRONT DEVELOPMENT

PHASE II

MARKET AND ECONOMIC IMPACT

INTRODUCTION

A long list of ideas for the development of the Hamilton Waterfront was prepared and evaluated on a preliminary basis. The long list of ideas contained suggestions for both facilities and programs and is described below:

Facilities:

- Outdoor Amphitheatre
- Crystal Palace
- Specialty Shopping Centre
- Children's Village
- Family Attraction such as a Recreation Park or Small Theme Park
- Flea Market
- Restaurants and Cafes
- Arts and Crafts Demonstration Areas and Retail Outlets
- Boat Tours
- Marina
- Boardwalk
- Passive Open Space and Picnic Areas

Programming:

- festivals, e.g. Renaissance Festival
- events - e.g. canoe races, water ski show
- historic pageant
- entertainment - theatre, music (classical and popular)
- children's activity programs
- puppet shows

In order to evaluate the market and economic impact of these facilities, the following research program was carried out:

- calculation of resident and tourist markets available to development on the Hamilton waterfront;
- review of existing attractions and events in the Hamilton area;

- analysis of comparable waterfront developments and of facilities comparable to those on the long list;
- interviews with potential user groups, and potentially competitive and complementary facilities in Hamilton;
- analysis of data and evaluation of long list of facility and programming ideas.

The result of this research and the conclusions arising out of the preliminary evaluation of the long list of facilities and programs are presented in this report.

MARKETS

It was determined that the markets available to any development on the Hamilton Waterfront would include both a resident market and a tourist market. These markets were further broken down on the basis of their driving time from Hamilton, as follows:

Resident Market

- City of Hamilton
- rest of Hamilton-Wentworth Region
- within a one hour drive time of Hamilton
(excluding Hamilton-Wentworth Region)
- within a 1-2 hour drive of Hamilton.

Tourist Market

- overnight visitors staying in Hamilton
- overnight visitors staying within a 1 hour drive of Hamilton
- persons visiting friends and relatives in Hamilton/Wentworth, Niagara, Halton, Peel, Wellington and Haldiman/Norfolk Regions.
- tourist traffic on Queen Elizabeth Way

Exhibit 1 presents the markets available to the Hamilton Waterfront. The size of each of these markets was calculated using a variety of data sources including Statistics Canada census data, Ministry of Tourism and Recreation publications and the Canadian Travel Survey.

PRELIMINARY EVALUATION OF LONG LIST

Each of the suggested facilities on the above list was evaluated, as a free-standing element, on a preliminary basis. This evaluation is described in Exhibit 2.

EXHIBIT 1POTENTIAL MARKETS AVAILABLE TOHAMILTON WATERFRONT

<u>MARKETS</u>	<u>SIZE</u>
<u>RESIDENTS:</u>	
City of Hamilton	306,400
Rest of Hamilton-Wentworth	105,000
Within 1 Hour Drive Time	1,371,000
(Excluding Hamilton-Wentworth)	
Within a 1 Hour - 2 Hour Drive Time	3,600,000
<u>TOURISTS: (Summer Only)</u>	
<u>Overnight Visitors</u>	
Hamilton	
Roofed	46,500
Campgrounds	11,250
Within 1 Hour Drive Time	
Roofed - Niagara Falls	1,147,000
- Rest of Area	350,000
Campgrounds - Niagara Falls	225,000
- Rest of Area	265,000
<u>Visiting Friends and Relatives (3rd Quarter Only)</u>	
Hamilton-Wentworth	70,000
Niagara Region	190,000
Halton/Peel	60,000
Wellington/Haldimand	128,000
<u>HIGHWAY TRAFFIC (QEW - Tourist Traffic,</u>	
Summer Only)	4,000,000

PREVIEW EVALUATION OF LONG LIST OF DEVELOPMENT IDEAS: AS FREE STANDING ELEMENTS

ELEMENT	MARKET POTENTIAL	ECONOMIC EVALUATION	CONCLUSIONS
Outdoor Amphitheatre	Evening: 200,000 Very limited potential day time use unless can attract tourist market.	- capital costs would be approximately \$1.0 million. - could potentially be operated on a break-even basis.	- potential exists to develop an amphitheatre as a free-standing element. - use would be primarily during the evenings and on weekends.
Crystal Palace	appears to be demand for facility for 'mum's show' and variety of other related activities.	- depending on design of facility, capital costs could be high. - will require public support for operations.	market and economic impact of this facility would be enhanced if it was a multi-use facility with appeal to a variety of markets.
Specialty Shopping Centre including restaurants and cafes	specialty centre on its own has limited market appeal unless there is a large resident and tourist market already in the area.	- would not be a commercially viable development. - existing markets are not large enough to justify developing a facility that would have sufficient appeal to attract these markets.	- no potential for development of a free-standing specialty centre on Hamilton Water-front. - additional facilities/activities required to attract market to support such a centre.
Children's Village	- attendance potential likely in the 40,000 - 50,000 range, primarily from local area. - appeal limited to families with young children.	as with specialty shopping centre, the market potential is not large enough to justify the capital investment that would be required to develop a facility that has sufficient 'critical mass' to attract the market.	not appealing to development group unless there are other facilities and activities on the site.
Flea Market	- flea markets have potential to generate high visitation, however reputation takes time to develop. - access and site visibility could be a major problem.	operation of a flea market could occur on a break-even basis but insufficient income potential to justify development of a single purpose facility.	potential limited to outdoor flea markets unless there is a facility built for some other use that could be used for this purpose.
Arts and Crafts Demonstrations/Retail	- increasing market interest in arts and crafts. - would appeal primarily to local market, and on weekends only. - arts and crafts are strong in the Hamilton area. - may compete with existing activities/facilities.	- limited revenue generating potential. - market potential does not justify development of facility; use would be limited to some evenings and weekends.	- potential for these types of activities to occur in a multi-use facility or in conjunction with specialty centre. - economic such that this activity cannot support a free-standing facility.

PREVIEW EVALUATION OF LONG LIST OF DEVELOPMENT IDEAS: AS FREE STANDING ELEMENTS

ELEMENT	MARKET POTENTIAL	ECONOMIC EVALUATION	CONCLUSIONS
Boat Tours	- little potential to attract other than local market. - patronage approximately 30,000 - 40,000.	high capital costs make operation of cruise boat for this level of attendance of limited commercial appeal.	if attendance level could be increased, may be commercially viable.
Marina	appears to be demand for seasonal and transient facilities.	could be operated on a commercial basis, if facilities developed with public funds.	there appears to be demand for marina facilities but public funds will be required for capital development.
Boardwalk/Passive Open Space	appeal to primarily to immediate local area unless there are facilities/activities to attract city wide and regional residents	N/A	- would create good opportunity for exposure to waterfront. - should be included with any development on the waterfront.

On the basis of an analysis of the markets available, of the potential appeal of each of the facilities to the markets available and of the competitive facilities, it was determined that most of the facilities on the long list, developed as free-standing attractions, lacked the demand-generating capabilities necessary to attract the available markets. It was concluded, therefore, that there was insufficient market potential for the development of any one of these facilities as a free-standing attraction except perhaps for the amphitheatre facility. It appears that there would be sufficient market potential for the development of an amphitheatre, primarily for local use, for a variety of purposes including music (modern and classical), summer theatre, and special events. The amphitheatre could also be a focal point for a number of festivals and events that could occur on the waterfront. Such an amphitheatre facility would be used primarily during the evenings and also during the day on the weekends. It would be necessary to develop the facility with public funds although it may be possible to operate such a facility on a break even basis.

Although the preliminary evaluation of the long list indicated that there was limited potential for the development of these facilities as 'free-standing' attractions, it did indicate a level of market support for the majority of facilities and programming ideas.

It was determined that, if a mixture of facilities appealing to several markets and able to accommodate a variety of uses was developed on the Hamilton Waterfront, there may be sufficient "critical mass" to generate the level of market support required for each element.

The possibility of developing two activity nodes in the waterfront area was then considered; one activity node being the Lax Property and the other, Pier 4. However, a review of this concept indicated that it would significantly reduce the potential impact of developing several facilities and would likely result in some duplication of services and facilities.

It was concluded that by clustering a number of facilities (and therefore programming possibilities) at one location and by theming these facilities in a consistent and exciting way, it would be possible to create a "critical mass" that would appeal to several markets thereby significantly improving the potential for generating attendance and improving the economics of the attraction elements.

RECOMMENDED DEVELOPMENT CONCEPT

In selecting the facility elements that should be included in this "cluster" development, the importance of appealing to all of the available markets was a major criteria. As well, since the

waterfront area is not visible to many of the markets and since accessibility to the area is also a problem, it was important to select facility elements and theming that had significant appeal to these markets.

Exhibit 3 presents a description of each of the facility elements recommended for the development and presents a summary of the preliminary evaluation of the market and economic potential of each element assuming all elements are developed. A more detailed evaluation of each of these elements, including the calculation of market potential is described in Appendix I. Appendix II describes waterfront developments and facilities which are comparable to the program suggested for the Hamilton Waterfront. A brief description of the development concept is presented here.

It is recommended that the Lax Property be the major focus for development on the Hamilton Waterfront, at least over the short term. Development on the property should include the following:

- an Outdoor Amphitheatre with 1,500 seats and space for approximately 4000 persons on surrounding grass embankments. The amphitheatre would be used for a variety of entertainment during the evenings including headline entertainers, theatre, classical and modern music and variety shows. During the daytime, the amphitheatre would be utilized for a themed pageant or show designed to appeal to the tourist market. The theming of the pageant or show should be consistent with the theming of the Specialty Village. This show would last approximately one hour and it is recommended that there be three or four different shows that are rotated throughout the day, week or season. The amphitheatre would be open only during the late spring to early fall period.
- a Children's Village with 15 - 20 play elements appealing to the 2 - 12 year age group. This element would be similar in nature to Children's Village at Ontario Place.
- a Specialty Village with extensive theming. The village would include approximately 10,000 square feet of merchandise and food and beverage space. The village would be developed along a mainstreet area and would also include street entertainment and possibly a themed "circus" area. The Specialty Village would operate only during the late spring, summer and fall, at least over the short term.

PRELIMINARY EVALUATION OF CONCEPT

FOR LAX PROPERTY - ASSUMES ALL ELEMENTS ARE DEVELOPED

ELEMENT	DESCRIPTION & OPERATING CHARACTERISTICS	PROJECTED ATTENDANCE	ESTIMATED REVENUE	ESTIMATED OPERATING COSTS	APPROXIMATE CAPITAL COSTS	SUPPORT FACILITIES REQUIRED	COMMENTS/ CONCLUSIONS
CHILDREN'S VILLAGE	- open June to mid-September (115 days) - children's play area with spectating areas for parents - appeals to 3-12 years - would include 15-20 play elements - capacity: 1,000/day	92,000 - 103,500	Admission \$2.75 Total Revenue: \$270,000	\$100,000	\$650,000 - 750,000 excluding washrooms, parking, and servicing costs. Return on Investment estimated at 30%	- washrooms in very close proximity 2 acres land (includes allowance for future expansion) - parking for 250 cars - would consider developing adjoining restaurant facilities also.	- figures here represent initial phase. - potential for attraction to increase in size (within the 2 acre area) depending on operating experience. - winter use could be considered in the future. - private development group interested in concept. - majority of attendance would be in the day. - appears to be a commercially viable development
AMPHITHEATRE	1,500 seats space for approximately 4,000 on grass area surrounding amphitheatre	220,000	Varies depending on show. Established to operate on break-even basis at minimum.	N/A	\$1,250,000 (approximate) excluding parking and servicing to site.	- servicing washrooms - approximately 3 acres of land in total - parking required: Peak Evening: 1,560 cars - Ave. Evening: 780 cars	- design and layout important to minimize sound effects on local area. - amphitheatre area used for a variety of local groups as well as for 'headline' entertainment. - amphitheatre should have some form of roof, perhaps a tension membrane roof structure.

PRELIMINARY EVALUATION OF CONCEPT/continued

FOR LAX PROPERTY - ASSUMES ALL ELEMENTS ARE DEVELOPED

ELEMENT	DESCRIPTION & OPERATING CHARACTERISTICS	PROJECTED ATTENDANCE	ESTIMATED REVENUES	ESTIMATED OPERATING COSTS	APPROXIMATE CAPITAL COSTS	SUPPORT FACILITIES REQUIRED	COMMENTS/CONCLUSIONS
AMPHITHEATRE/cont'd.	<u>DAYTIME THEMED ENTERTAINMENT</u> - specialty entertainment appropriate to theming of park - tourist oriented 2-3 shows per day average - each show 1 hour - should have 2-3 different shows rotating over the course of the week/season - operate 100 days/season	213,000	Admission \$4.00 Total Revenue: \$852,000	65% of revenues \$554,000 Operating Income \$298,000	N/A Operator would rent amphitheatre	- services - washrooms - parking required: Daytime - 550 cars	operation of daytime themed entertainment appears to be commercially viable providing that the required support facilities are in place and the amphitheatre can be rented at a reasonable rate.
SPECIALTY VILLAGE WITH THEMING (includes Crystal Palace)	7,000 sq. ft. specialty merchandise area (average size 650 sq. ft., 10 outlets) 3,000 sq. ft. food and beverage average size 1,000 sq. ft., 2-3 outlets - Crystal Palace (size to be determined) - extensive theming of entire area using an ethnic or historical theme. - seasonal operations except Crystal Palace area which would be used year-round	524,000	Expenditure: Merchandise \$1.50 per person Food and Beverage \$2.00 per person Total Revenue \$1,834,000	Cost of Goods: Merchandise (50%) \$524,000 Food and Beverage (35%) \$275,000 Other Costs Merchandise (20%) \$209,600 Food and Beverage (40%) 314,400 Total Operating Costs \$1,323,000 Operating income \$511,000 (does not include land lease costs)	\$1,450,000 Does not include parking, servicing, or land costs.	- servicing - washrooms - parking facilities required: 385 parking spaces	- theming of this area is essential to the success of the village. - in addition to merchandise and food and beverage areas, the village should include a variety of street entertainment, picture spots and areas for sitting and relaxing. - Return on total investment estimated at 35%. Appears to be a commercially viable development assuming parking facilities are provided and land is leased at a reasonable price.

PRELIMINARY EVALUATION OF CONCEPT/continued

FOR LAX PROPERTY - ASSUMES ALL ELEMENTS ARE DEVELOPED

ELEMENT	DESCRIPTION & OPERATING CHARACTERISTICS	PROJECTED ATTENDANCE	ESTIMATED REVENUE	ESTIMATED OPERATING COSTS	APPROXIMATE CAPITAL COSTS	SUPPORT FACILITIES REQUIRED	
SIGHTSEEING CRUISE BOAT	450-500 passenger sightseeing cruise boat offering 1-1½ hour cruises of the harbour area. - the cruise boat should be themed consistently with the specialty village.	77,500	Ticket Price \$7.00 Food and Beverage \$1.00 Total Revenue \$8.00 \$620,000	\$227,000 Operating Income \$393,000 Return on Total Investment 21%	\$1,050,000 Does not include parking and docking facilities.	- parking facilities required 130 parking spaces - dock facilities for boat	- the potential appeal of a harbour cruise is of concern; this has been reflected in the estimated attendance. - assuming that parking facilities and dockage are provided at no charge, this appears to be a commercially viable concept
FESTIVALS/EVENTS	potential to utilize site for significant festivals and events throughout the summer, and eventually every weekend.	- will vary depending on nature of festival/event and length - could range from 1,000 to 100,000	should be operated on a break-even basis	N/A	- only minimal facilities required - most of the facilities will be temporary structures for each festival	- parking facilities - washrooms	must occur in an area where access can be controlled so that admission can be charged.

- a "Crystal Palace" which would form the entrance to the Specialty Village. The Crystal Palace would include a display area for flower shows as well as a multi-use area which could be used for a variety of programs, and such things as flea markets, small concerts and workshops. The Crystal Palace facility should also include the administrative offices for the area. This facility would be open on a year round basis.
- a Festival and Events area. Approximately one half of the Lax Property should be set aside for festivals and events. There are a number of existing festivals and events which could use this site and there also appears to be potential for the development of a variety of other festivals in the area. The goal would be to develop a festival/event for each weekend during the tourist season. Festivals and Events that could take place on the property might include the following:
 - . ethnic festivals and fairs
 - . folk festival
 - . Festitalia (existing festival)
 - . Its Your Day (existing festival)
 - . Renaissance Festival
 - . Steam Festival
 - . Gay 90's Festival
 - . 1812 Festival
 - . water ski shows
 - . boat races
 - . pageants
 - . sports events
- a Sightseeing Cruise boat offering 1 - 1 1/2 hour sightseeing cruises of the harbour area. Since the appeal of the Hamilton harbour may be somewhat limited, it is recommended that this boat also be themed in a way consistent with the on-shore theming, to provide a more entertaining experience.

The daytime amphitheatre programs and the themed, specialty village have been selected and developed to appeal to the tourist market whereas the evening amphitheatre programming, the children's village and the festival/events areas will appeal to primarily the local and regional resident market.

It is very important to the success of the development that it be extensively themed, since the main purposes of theming are to increase the appeal of the development and provide extra entertainment value to visitors. The theming should be carried through the Specialty Village, the Children's Village, and

"Crystal Palace" facility and the Amphitheatre. It should be used in buildings and landscaping, and also in the dress/costume of the staff working in these areas.

There are several different themes that could be selected for the development. Given the ethnic characteristics of the Hamilton area population, it may be appropriate to use an ethnic theme, incorporating a variety of different ethnic groups. Historic theming may also be appropriate for this development.

All of the elements, and the extensive theming, are important to the success of the project. The Children's village is an important element to attract the family market; the festivals and events, although not commercial elements, are of importance because they will attract people to the site and provide a market for the specialty village. The amphitheatre will be one of the major demand-generating facilities on the site and the people drawn to this facility will also provide a market for the specialty village.

CONCEPTUAL PLAN OPERATING CHARACTERISTICS

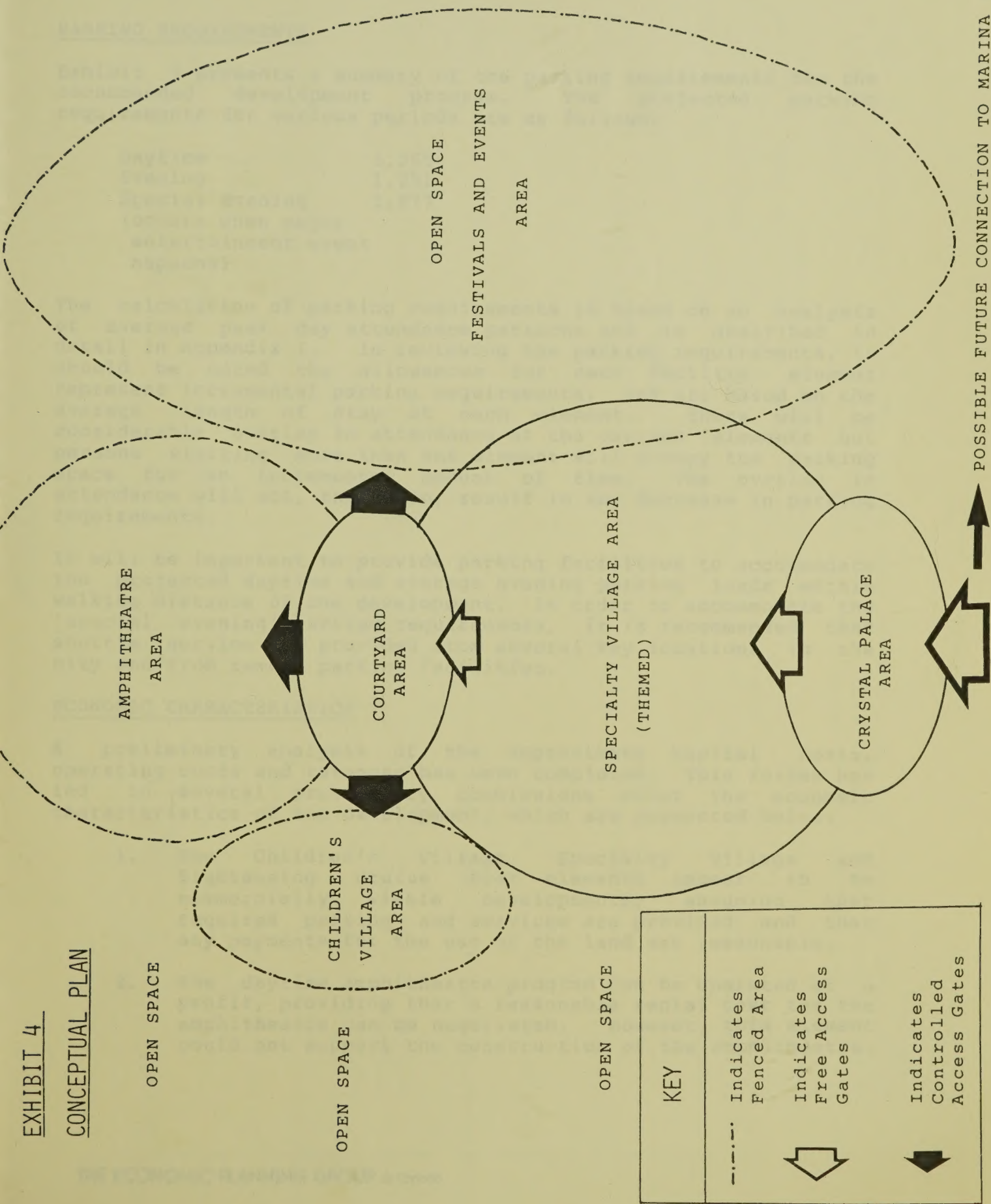
Exhibit 4 presents a preliminary conceptual plan of the recommended development program. As indicated in the Exhibit, it is envisioned that the Crystal Palace facility will form the entrance to the Specialty Village and other elements. Access to the Amphitheatre, Children's Village and Festivals and Events area should be controlled, and visitors should be drawn through the Specialty Village before entering these other elements.

It is envisioned that there will be no regular admission charge to the Crystal Palace area or the Specialty Village. Access to the Festival and Events area will be controlled only when there are activities taking place; it will function as unrestricted open space at other times. As well, there should be free access to the undeveloped portion of the Lax Property. There will be separate admission charges for the Children's Village, Amphitheatre events and boat cruise.

It is envisioned that, initially at least, the majority of the development will operate during the late spring to mid-fall period only. However, the Crystal Palace facility should be available for programming and activities throughout the year. Should future residential development occur on the Hamilton Waterfront it may be appropriate to open the specialty village throughout the year or at least on weekends. Depending on the scale of development, it may be possible to extend this specialty village area to the area between the Lax Property and Pier 4.

EXHIBIT 4

CONCEPTUAL PLAN



PARKING REQUIREMENTS

Exhibit 5 presents a summary of the parking requirements for the recommended development program. The projected parking requirements for various periods are as follows:

Daytime	1,255
Evening	1,251
Special Evening (occurs when major entertainment event happens)	1,877

The calculation of parking requirements is based on an analysis of average peak day attendance patterns and is described in detail in Appendix I. In reviewing the parking requirements, it should be noted the allowances for each facility element represent incremental parking requirements, and are based on the average length of stay at each element. There will be considerable overlap in attendance at the various elements but persons visiting more than one element will occupy the parking space for an incremental amount of time. The overlap in attendance will not, therefore, result in any decrease in parking requirements.

It will be important to provide parking facilities to accommodate the projected daytime and average evening parking loads within walking distance of the development. In order to accommodate the 'special evening' parking requirements, it is recommended that shuttle service be provided from several key locations in the city and from remote parking facilities.

ECONOMIC CHARACTERISTICS

A preliminary analysis of the approximate capital costs, operating costs and revenues has been completed. This review has led to several preliminary conclusions about the economic characteristics of the development, which are presented below:

1. The Children's Village, Specialty Village and Sightseeing Cruise Boat elements appear to be commercially viable developments; assuming that required parking and services are provided and that any payments for the use of the land are reasonable.
2. The daytime amphitheatre program can be operated at a profit, providing that a reasonable rental cost for the amphitheatre can be negotiated. However, this element could not support the construction of the amphitheatre.

EXHIBIT 5

CALCULATION OF PARKING REQUIREMENTS

<u>ELEMENT</u>	<u>PERIOD OF OPERATION</u>	<u>PARKING REQUIRED</u>	<u>DAYTIME</u>	<u>NET PARKING REQUIRED EVENING</u>	<u>SPECIAL EVENING</u>
Children's Village	Day/ Early Evening	250	190**	85 (50% of day time)	60 (30% of day time)
Amphitheatre					
Daytime	Day	550	550	-	-
Evening	mid-late Evening	780	-	780	-
Special Evening		1,500	-	-	560
Specialty Village (including Crystal Palace)	Day Early-mid Evening	385	385	288 (75% of day time)	192 (50% of day time)
Festivals/Events	Day/ Early Evening	*	*	*	*
Cruise Boat	Day/ Evening	130	130	98 (75% of day time)	65 (50% of day time)
			<u>1,255</u>	<u>1,251</u>	<u>1,877</u>

* It has been assumed that on days when major festivals/events occur, there will be no amphitheatre programming, and also that the majority of the attendance in the specialty village will be comprised of visitors to the festival/event. Thus, the parking spaces available for the amphitheatre will be available for festivals/events.

** The parking requirements for the Children's Village have been reduced by 25% because it is assumed that some children will visit the Village at the same time as their parents are at other elements and their parking requirements are accounted for under the other elements.

3. The festivals and events area could operate on a break-even basis, providing the required support facilities are in place and the area is maintained.
4. The amphitheatre (evening) programs should be priced so as to cover operating costs. However, it will be necessary for public funding to build the amphitheatre. This funding may be able to be partially recovered through lease costs received from the private developers on the site.
5. Public support will be required for both the development and operation of the Crystal Palace.

MARINA FACILITIES

A preliminary evaluation of the demand for marina facilities in the Hamilton area was completed. Interviews with the major marinas in the Oakville to Stoney Creek area (see Exhibit 6) indicated that all marinas in the area were operating at 100% of capacity in terms of seasonal slips and that all except one of the marinas had a waiting list for seasonal slips. Only one marina, Fifty Point Marina in Stoney Creek, reserved slips for transient use and reported that these 30 slips were occupied to 80% of capacity on weekends.

The Metropolitan Toronto Conservation Authority has recently completed a Metro Toronto Waterfront Boating Study Update which examined the supply and demand for recreational boating opportunities in the area from Port Credit to Whitby. This study concluded that in 1984, the demand for wet berths exceeded the available supply by 400 berths. It estimated that by the year 2000, assuming that those marina projects currently scheduled are developed, there may be an excess of demand over supply of some 1,700 wet berths. Even if several potential marina projects were developed, the demand was projected to exceed the supply by some 455 berths. The study also concluded that the demand for wet berths would be generated more by residents of the western portion of the study area (Mississauga, Etobikoke, and Toronto) than by the eastern part of the area. The study also reported that the demand for transient docking space will continue to be concentrated in the central waterfront area and that there was a shortage of day trip opportunities for a short duration stop by boaters in the greater Toronto area.

Although this study only examined the area from Port Credit to Whitby, the statistics on marina usage and waiting lists at marinas in the Hamilton area indicate that, in general terms, the conclusions from this study also apply in the Hamilton area. It also appears that there is demand for transient slips in the

EXHIBIT 6USAGE OF MARINA FACILITIES: OAKVILLE TO STONEY CREEK

NAMES OF MARINA	TOTAL # OF SLIPS	# OF SLIPS SEASONAL	OCCUPANCY SEASONAL	# OF SLIPS TRANSIENT	OCCUPANCY TRANSIENT
Fifty Point Marina, Stoney Creek	331	300	100% · waiting list of 100	31	· mostly used on weekends 80%
Hamilton Harbour Commission Marine Yard	229	229	100% · waiting list	none	N/A
Metro Marine Ltd. Oakville	12	12	100% · waiting list	none	N/A
Oakville Harbour 60 mile marina 12 mile marina	250 250	250 250	100% · waiting list of over 200	none	N/A
Port Credit Harbour Marina	930 slips	930	100%	none	N/A
Scott-Macdonald Marine Services Hamilton	50	50	100%	none	N/A
TOTAL	2,052	2,021	100%	-	-

Hamilton area since only one marina facility has transient slips available and they are frequently unable to handle the demand from transient boaters.

On the basis of this preliminary evaluation, it can be concluded that there is demand for additional marina facilities in the Hamilton area. The exact level of demand is difficult to determine but it appears that there may be demand for some 100-300 seasonal slips plus transient dockage space.

The high capital costs associated with the development of marina facilities means that marinas are not commercially viable. However, if the marina facilities are constructed with public funds, the operation of the facility can be carried out on a commercial basis. It is recommended that the demand for marina facilities in the Hamilton area and the costs associated with the development of a marina on the Hamilton waterfront be researched further.

APPENDIX I

PRELIMINARY EVALUATION OF IDEAS

HAMILTON WATERFRONT

APPENDIX I

PRELIMINARY EVALUATION OF IDEAS

FOR HAMILTON WATERFRONT

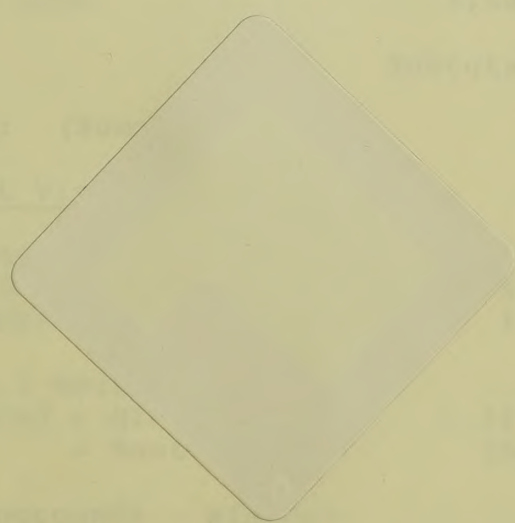


EXHIBIT I-1PRELIMINARY EVALUATION OF IDEAS:HAMILTON WATERFRONT

FACILITY ELEMENT: SPECIALTY VILLAGE, including
Crystal Palace; themed

OPERATING CHARACTERISTICS: Seasonal operation mid-May - late
September
Open Sundays
No Admission

MARKET POTENTIAL

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
<u>RESIDENTS:</u>			
City of Hamilton	306,400	60%	183,850
Rest of Hamilton-Wentworth	105,000	40%	42,000
Within 1 Hour Drive Time (excluding Hamilton- Wentworth)	1,371,000	10%	137,000
Within a 1 Hour - 2 Hour Drive Time	3,600,000	1%	<u>36,000</u>
Subtotal			398,850

TOURISTS: (Summer only)Overnight Visitors

Hamilton			
Roofed	46,500	20%	9,300
Campgrounds	11,250	20%	2,250
Within 1 Hour Drive Time			
Roofed - Niagara Falls	1,147,000	1%	11,420
- Rest of Area	350,000	5%	17,500
Campgrounds - Niagara Falls	225,000	1%	2,250
- Rest of Area	265,000	5%	13,250

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
<u>Visiting Friends and Relatives (3rd Quarter Only)</u>			
Hamilton-Wentworth	70,000	20%	14,000
Niagara Region	190,000	4%	7,600
Halton/Peel	60,000	2%	1,200
Wellington/Haldimand	128,000	5%	6,400
HIGHWAY TRAFFIC (QEW - Tourist Traffic, Summer Only)			
	4,000	1%	<u>40,000</u>
Subtotal			125,220
TOTAL			524,070

REVENUES

Length of Stay in Specialty Village:		1 hour
Spending:	Food and Beverage	\$2.00 per capita
	Merchandise	\$1.50 per capita
Total Revenue:	Food and Beverage	\$ 786,000
	Merchandise	<u>1,048,000</u>
		\$1,834,000

FACILITIES REQUIRED

Merchandise:	
Revenue	\$1,048,000
Average Sales	
per square foot	\$150
Square Footage Required: 7,000	
Each Outlet 500 - 1,000 square feet, average 700 sq. ft.	
Food and Beverage:	
Revenue	\$ 786,000
Average Sales	
per square foot	\$300

Square Footage Required: 3,000

Each Outlet 750 - 1,200 sq. ft., average 1,000 sq. ft.

APPROXIMATE CAPITAL COSTS (Does not include parking, servicing or land cost)

Retail and Food and Beverage Area		
Merchandise	7,000 sq. ft. @ \$75.00	\$ 525,000
Food and Beverage	3,000 sq. ft. @ \$130	390,000
Courtyard Seating/Pedestrian Mall		
(50% of other area),	5,000 sq. ft. @ \$7.50	37,500
Equipment and Furnishings		100,000
Signage		50,000
Start-Up/Marketing		150,000
Landscaping		<u>200,000</u>
TOTAL		\$1,452,500

OPERATING COSTS

Cost of Goods		
Merchandise	(50%) - \$	524,000
Food and Beverage	(35%) -	<u>275,100</u>
	\$	799,100

Other Costs		
Merchandise	(20%) - \$	209,600
Food and Beverage	(40%) -	<u>314,400</u>
	\$	524,000

TOTAL \$1,323,000 (excluding allowance for land lease costs)

OPERATING INCOME

\$511,000

RETURN ON INVESTMENT

35% on total capital investment. Commercially viable

SUPPORT FACILITIES REQUIRED

Servicing - sewer, water, electricity

Parking for: 524,000 attendance

Season:

(140 days) 3,747 persons Average Daily Attendance
 7,490 persons Peak Day (2 x average day)

Average Length of Stay

1 hour
 (20% in park
 at one time) 1,500 persons

Assume:

90% drive 1,350 persons
 divided by
 3.5/car 385 parking spaces

Category	1976	1977	1978
<u>Residence</u>			
Cost of Housing	100,000	100	10,000
Cost of Housing-Subsidies	100,000	100	10,000
Within 2 hour drive time			
(Including Subsidies)			
Subsidies	1,000,000	1,000	10,000
Within 2 hour drive time			
Drive Time	1,000,000	1,000	10,000
Subtotal			20,000
<u>Employment</u>			
Employed	40,000	40	4,000
Compounds	10,000	10	1,000
Within 2 hour drive time			
Employed - Niagara Falls	1,000,000	1,000	10,000
- Cost of Area	100,000	100	10,000
Compounds - Niagara			
Employed	100,000	100	10,000
- Cost of Area	100,000	100	10,000

PRELIMINARY EVALUATION OF IDEASHAMILTON WATERFRONT

FACILITY ELEMENT: AMPHITHEATRE - EVENING ONLY
(assuming all facility elements developed)

OPERATING CHARACTERISTICS: . Evening Performances -
theatre, music, headline
entertainers

. 130 day season

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
<u>RESIDENTS:</u>			
City of Hamilton	306,400	15%	45,960
Rest of Hamilton-Wentworth	105,000	15%	15,750
Within 1 Hour Drive Time (Excluding Hamilton- Wentworth)	1,371,000	2.5%	34,275
Within a 1 Hour - 2 Hour Drive Time	3,600,000	2.5%	<u>90,000</u>
Subtotal			185,985

TOURISTS: (Summer Only)

Hamilton			
Roofed	46,500	3%	1,395
Campgrounds	11,250	3%	335
Within 1 Hour Drive Time			
Roofed - Niagara Falls	1,147,000	1%	11,470
- Rest of Area	350,000	1%	3,500
Campgrounds - Niagara			
Falls	225,000	1%	2,250
- Rest of Area	265,000	1%	2,650

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
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Visiting Friends and Relatives (3rd Quarter Only)

Hamilton-Wentworth	70,000	5%	3,500
Niagara Region	190,000	-	-
Halton/Peel	60,000	-	-
Wellington/Haldimand	128,000	-	-

HIGHWAY TRAFFIC

(QEW - Tourist Traffic, Summer Only)	4,000,000	-	34,200
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TOTAL 220,000

FACILITY SIZE

Total Attendance	220,000	
Days of Operation	130	
Average Daily Attendance	1,690	
Peak Day (3 x average day)	5,100 persons	
Recommended Facility Size:	Permanent Seating	1,500
	Overflow Seating	4,000
	(on grass embankments)	

APPROXIMATE CAPITAL COSTS (excluding parking, servicing)

1,500 seat @ 15 sq. ft. = 22,500 sq. ft. @ \$30,000/ sq. ft. (including allowance for tensioned roof)	675,000
Dressing Rooms, Stage, Washrooms = 3,000 sq. ft. @ \$85.00/sq. ft.	255,000
Equipment	100,000
Grassed Overflow Seating	

4,000 seats @ 10 sq. ft. = 40,000 sq. ft. @	
\$5.00/sq. ft.	<u>200,000</u>
TOTAL	\$1,230,000

OPERATING REVENUES/COSTS

- ticket prices for events should be designed so that facility operates on a breakeven basis.
- facility to be built with public funds.

SUPPORT FACILITIES REQUIRED

- servicing - water, sewer, electricity
- parking

Average Evening

Attendance 50% of capacity	2,750 persons
Assume 85% travel by car	2,330
Average 3 persons per car	780 cars

Peak Evening

Attendance at capacity	5,300
Assume 85% travel by car	4,675

Average 3 persons per car	1,560 spaces
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PRELIMINARY EVALUATION OF IDEAS:HAMILTON WATERFRONT

FACILITY ELEMENT: AMPHITHEATRE: DAYTIME USE
(Assumes all other facilities developed)

OPERATING CHARACTERISTICS: Themed shows or Pageants offered 2-3 times per day through summer (100 days)

MARKET POTENTIAL

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
<u>RESIDENTS:</u>			
City of Hamilton	306,400	7.5%	22,980
Rest of Hamilton-Wentworth	105,000	7.5%	7,875
Within 1 Hour Drive Time (Excluding Hamilton-Wentworth)	1,371,000	3.0%	41,130
Within a 1 Hour - 2 Hour Drive Time	3,600,000	1.0%	36,000
Subtotal			107,985

TOURISTS: (Summer Only)Overnight Visitors

Hamilton			
Roofed	46,500	20%	9,300
Campgrounds	11,250	20%	2,250
Within 1 Hour Drive Time			
Roofed - Niagara Falls	1,147,000	1%	11,500
- Rest of Area	350,000	5%	17,500
Campgrounds - Niagara			
Falls	225,000	1%	2,250
- Rest of Area	265,000	5%	13,250

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
<u>Visiting Friends and Relatives (3rd Quarter Only)</u>			
Hamilton-Wentworth	70,000	20%	14,000
Niagara Region	190,000	4%	7,600
Halton/Peel	60,000	2%	1,200
Wellington/Haldimand	128,000	5%	6,400
<u>HIGHWAY TRAFFIC</u>			
(QEW - Tourist Traffic, Summer Only)	4,000,000	0.5%	<u>20,000</u>
	Subtotal		105,000
	TOTAL		213,235

FACILITY SIZE REQUIRED

Total Attendance	213,000
Days of Operation	100
Average Daily	2,130
Average Peak Attendance (2 x average daily)	4,260
Average shows/day	3
Average persons per show	1,420
Peak shows (1.5 x average)	2,130 persons

Therefore, can be accommodated in amphitheatre designed for evening activities.

CAPITAL COSTS

See amphitheatre: Evening Use

OPERATING REVENUES/COSTS

Length of show	1 hour
Admission Price	\$4.00
Total Revenue	\$852,000
Operating Costs 65% of revenues	\$554,000 (excluding payments for use of amphitheatre)
Operating Income	\$298,000

Assuming that amphitheatre is available, and can be rented at a reasonable cost, this would appear to be a commercial proposition.

SUPPORT FACILITIES REQUIRED

- . services: sewer, water and electricity
- . parking:
 - peak show attendance (see above) 2,130 persons
 - 90% arrive by car 1,917 persons
 - Average of 3.5 persons per car 550 cars

PRELIMINARY EVALUATION OF IDEAS:HAMILTON WATERFRONT

FACILITY ELEMENT: Harbour Sightseeing Cruise
(assumes all other facilities developed)

OPERATING CHARACTERISTICS: . 1 - 1/2 hour sightseeing cruise of harbour
 . operates for 120 days per year
 . 2 - 4 cruises per day

MARKET POTENTIAL

MARKETS	SIZE	PENETRATION	PROJECTED PATRONAGE
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RESIDENTS

City of Hamilton	306,400	5%	15,320
Rest of Hamilton-Wentworth	105,000	2.5%	2,625
Within 1 Hour Drive Time (Excluding Hamilton-Wentworth)	1,371,000	1%	13,710
Within a 1 Hour - 2 Hour Drive Time	3,500,000	-	-
Subtotal			31,655

TOURISTS:Overnight Visitors

Hamilton			
Roofed	46,500	5%	2,325
Campgrounds	11,250	5%	565

ATTENDANCE AT OTHER ELEMENTS

Amphitheatre (daytime)	213,000	15%	31,950
Amphitheatre (evening)	220,000	5%	11,000

Subtotal			45,840
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TOTAL			77,495
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FACILITY SIZE REQUIRED

Total Attendance	77,500
Operating Season	120 days
Average Daily Attendance	645
Average Peak Attendance (2 x average daily)	1,290 persons
At average of 3 cruises per day	430 persons
Ship Capacity Required	450 - 500 persons

APPROXIMATE CAPITAL COSTS (excluding parking)

Ship	\$1,600,000
Office/Telephone	50,000
Dock	Public
Equipment	50,000
Start-up Costs and Marketing	<u>150,000</u>

TOTAL \$1,850,000

REVENUES/OPERATING COSTS

Ticket Price	\$7.00
Food and Beverage	<u>1.00</u>
	\$8.00

Revenue:

Tickets	\$542,500
Food and Beverage	<u>77,500</u>
	\$620,000

Operating Costs:

Food and Beverage Cost of Goods (35%)	27,125
Labour	
4 senior @ \$2,000/mo. x 4 mos.	32,000
7 deckhand @ \$1,000/mo. x 3 mos.	21,000
3 shore stall @ \$11,000/mo. x 3 mos.	9,000
3 other @ \$1,000/mo. x 3 mos.	<u>9,000</u>
	\$ 71,000
+ 20% (fringe)	<u>14,000</u>
Total Labour	\$ 85,000

Fuel	40,000
Marketing	40,000
Maintenance and Administrative	<u>35,000</u>
TOTAL	\$227,000
Operating Income	393,000
Return on Total Investment	21%

Assuming that parking and dockage are provided free of charge, it appears that a cruise boat is commercially viable.

SUPPORT FACILITIES REQUIRED

- . dockage
- . services
- . parking facilities
 - Average Peak Day Attendance 430 persons
 - Assume 90% arrive by car 385 persons
 - @ 3 persons per car, average 130 spaces

PRELIMINARY EVALUATION OF IDEAS:

HAMILTON WATERFRONT

FACILITY ELEMENT: CHILDREN'S VILLAGE

OPERATING CHARACTERISTICS:

- . seasonal operation (115 days)
- . 15 - 20 play elements

All figures provided by development group.

APPENDIX II

REVIEW OF COMPARABLE FACILITIES

REVIEW OF COMPARABLE FACILITIES

FACILITY/ LOCATION	MAJOR ELEMENTS	SEASON OF OPERATION	ATTENDANCE	LENGTH OF STAY	SPENDING/ VISITOR	VISITOR ORIGINS	MARKET PENETRATION
Portside, Toledo, Ohio	34 retail shops 5 restaurants 15 specialty snack outlets - market selling food, crafts - stage in shopping area - daily entertainment 22 acre park and river-side promenade - Arawanna Princess Riverboat Cruise	Year-Round	4.2 million	2.5 hours	\$8.32	53% Toledo 46% Tourists	Local Market: 600%
Faneuil Hall Marketplace, Boston, Mass.	- Festive marketplace 3 buildings with: 150 retail shops 23 restaurants - outdoor street performers - special festivals - jazz holiday events, etc.	Year-Round	14 million	N/A	N/A	N/A	N/A
Granville Island, Vancouver, B.C.	- A business community with: - marketplace - hotel - restaurants - theatres - art school - boat charters - whitewater rafting company - architects' offices	Year-Round	120,000 per month during summer	N/A	N/A	Primarily Vancouver area residents.	N/A (study presently underway on origins of vis- itors)
Inner Harbour, Baltimore, Maryland	- complex of restaurants, retail shops, nautical stores - multi-use theatre complex - concert pavillion - 2,500 seat - street performers - special festivals	Year-Round	June 15 - Sept. 15 5.8 million about 20 million/yr.	3.5 hours	\$24.47	24% Baltimore 9% Washington, D.C. 2.5% Virginia 22.5% Maryland 19% Pennsylvania 20% Other USA 2% International	Baltimore: 46% Rest of Maryland: 30% (Summer only)

APPENDIX II/continued

REVIEW OF COMPARABLE FACILITIES

FACILITY/ LOCATION	MAJOR ELEMENTS	SEASON OF OPERATION	ATTENDANCE	LENGTH OF STAY	SPENDING/ VISITOR	VISITOR ORIGINS	MARKET PENETRATION
Mystic Seaport, Mystic, Conn.	17 acres of exhibits - ships, historic houses, waterfront buildings - Mystic River Cruises - special activities and festivals - demonstrations - sea chantey singing - schooner races, etc.	Year-Round	420,000	N/A	N/A	- almost all tourists - mostly adults	N/A
Mud Island, Memphis	50 acres - museum 3 restaurants - riverwalk tours in season - monorail ride - amphitheatre - seats 5,000 - weekend special events, e.g. airshows, festivals etc.	Year-Round					Additional data on visitor characteristics is available shortly.
Harbourfront, Toronto, Ont.	92 acres - waterfront promenade - sailing centre - marina boutiques - outdoor stage - summer boating pond - studio theatre - 200 seats - art gallery/craft studios - outdoor skating rink - restaurants - antique market - Queen's Quay Terminal - retail shops - computer centre 4,000 events per year	Year-Round	2,321,276	N/A	N/A	Estimated at 50% local area residents and 50% tourists. Metro Toronto: 50% Tourist Market: 15%-25% (estimated)	

REVIEW OF COMPARABLE FACILITIES

FACILITY/ LOCATION	MAJOR ELEMENTS	SEASON OF OPERATION	ATTENDANCE	LENGTH OF STAY	SPENDING/ VISITOR	VISITOR ORIGINS	MARKET PENETRATION
Toronto Island Cruise Boats, Toronto, Ont.	. cruise to Toronto Islands and along Toronto waterfront	May-Oct.	125,000 passengers	(Length of cruise) 1 hour	(Prices) Adult \$6.95 Senior \$5.95 Child \$3.95	90% tourist 10% local	Local Market: less than 1% Tourist Market: 5%
Ontario Place, Toronto, Ont.	. children's playground . restaurants . marina . outdoor amphitheatre . cinesphere . pavilions . bumper boats . waterslide	mid May - Mid Sept.	<u>Total</u> 2,130,500 <u>Forum</u> 799,825	<u>General</u> 4 hours <u>Forum</u> 5 hours	<u>General</u> \$6.96 <u>Forum</u> \$6.36 - 7.57	<u>General</u> 34% Metro Toronto 27% within 100 mile radius 6% Other Ontario 6% Other Canadian 18% USA 9% International <u>Forum</u> 66% Metro Toronto 27% within 100 mile radius 1% other Ontario 2% other Canadian 3% USA 1% International	<u>General</u> Metro Toronto: 15% Within 100 miles 10% Tourists 18% <u>Forum</u> Metro Toronto: 23% Within 100 miles 7% Tourists 3%

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